

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

IN RE:

Chapter 9

Case No. 13-53846

City of Detroit, Michigan,

Debtor.

**INTERESTED PARTY DAVID SOLE'S OBJECTION TO DEBTOR'S MOTION FOR
AN ORDER AUTHORIZING THE DEBTOR TO FILE FEE LETTER UNDER SEAL IN
CONNECTION WITH THE DEBTOR'S POST-PETITION FINANCING MOTION
[DOCKET 1521]**

Now comes Interested Party David Sole and for his Objection to Debtor's Motion for an Order Authorizing the Debtor to File Fee Letter under Seal [Docket 1521] states as follows:

1. This is an outrageous motion in which the Emergency Manager and his attorneys have forgotten that they are not representing a corporation, but a public body answerable to its residents.
2. First they are asking this Court to approve financing that pledges 20% of the City of Detroit's income tax revenues, or \$48 million per year, for the first six years after the bankruptcy is concluded, to pay off two banks, Bank of America and UBS.
3. In light of these banks' history, locking the people of the City of Detroit into interest rate swaps which have already deprived its residents of \$250 million from 2008-2013 that could have been used to fund public services and avoid the need for bankruptcy, as well as their history of predatory mortgage lending that helped precipitate the financial crisis in Detroit through the resultant thousands of mortgage foreclosures, the idea that the Emergency Manager has the audacity to bring this "deal" for approval is bad enough.

4. But now the Emergency Manager has the gall to want to keep critical aspects of this deal from the public, specifically fees to be paid to Barclays Bank.
5. Barclays has recently admitted guilt for its role in the LIBOR scandal. (Exhibit 1, attached) The LIBOR index is to be utilized in setting the interest rates to be paid by the City of Detroit is this new “deal”.
6. The Emergency Manager acknowledges that the fee schedule could impact the actual interest rate to be paid on its DIP financing.
7. By keeping the fees under seal, the Emergency Manager is trying to cover up the actual cost of this “deal” to the taxpayers of Detroit.
8. This motion violates the Michigan Freedom of Information Act, MCL 15.231 which provides that “all persons, except those persons incarcerated in state or local correctional facilities, are entitled to full and complete information regarding the affairs of government and the official acts of those who represent them as public officials and public employees, consistent with this act. The people shall be informed so that they may fully participate in the democratic process.”
9. MCL 15.243 lists exemptions to disclosure by a public body.
10. Section 15.243(i) is the closest exemption to the Emergency Manager’s motion.
11. Section 15.243(i) states: “A bid or proposal by a person to enter into a contract or agreement, until the time for the public opening of bids or proposals, or if a public opening is not to be conducted, until the deadline for submission of bids or proposals has expired.”

12. In the present case, where there evidently was no public bidding and the submission of bids or proposals has expired, as evidenced by the fact the Emergency Manager is presenting a final bid for approval, Section 15.243(i) does not apply.

13. As a result, the complete Barclays bid, including the fees to be paid to Barclays, are subject to disclosure under the law.

WHEREFORE: Interested Party David Sole respectfully requests that the City of Detroit's Motion for an Order Authorizing the Debtor to File Fee Letter under Seal [Docket 1521] be denied.

Respectfully submitted,

JEROME D. GOLDBERG, PLLC

By: /s/ Jerome D. Goldberg

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